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REVIEW OF DEPARTMENT OF JUSTICE'S  
DEBT COLLECTIONS OPERATIONS

B-153761  
2/20/73

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*puruant to his request,*

*The report concerns*  
Report to the Chairman, House Committee on Government Operations,  
*on* the debt collections operations of the Department of Justice.

United States Attorneys are responsible for collection of outstanding court-imposed civil judgments and penalties and outstanding criminal fines and forfeitures.

We ~~reported~~ *found* weaknesses in (1) demanding payment on debts, (2) obtaining complete and current credit information on debtors, and (3) filing judgments and renewing them as liens. *Inaccuracy*

We noted that weaknesses were attributable for the most part to the lack of staff continuity, and to some extent collection expertise and the low priority given to collections. Also, we noted inaccuracies in the accounting for and reporting of receivables and collections.

The Department has taken steps to improve its debt collections operations, ~~by adopting procedures to assign prime responsibility for~~ collections to designated units or employees in the United States Attorney Offices and to ensure accurate reporting of receivables and collections and for relating collections to the year the debts were imposed. The Department also established a paraprofessional position for routine collection work, established an accelerated merit award program to promote the importance of collections operations, and held training conferences for collection employees.

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Because of the actions taken by the Department we made no  
recommendations.

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REVIEW OF DEPARTMENT OF JUSTICE'S  
DEBT COLLECTION OPERATIONS

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Management Control

Weaknesses noted in demanding payment on debts, obtaining complete and current credit data, and filing and renewing judgments.

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Dear Mr. Chairman

As recommended by the House Committee on Government Operations in House Report 91-701, December 8, 1969, we reviewed the debt collections operations of the Department of Justice

We made our review at the Department headquarters and at the following U S attorney offices (USAs) (1) Central District of California, (2) Middle District of Florida, (3) Northern District of Illinois, (4) Southern District of New York, (5) District of Oregon, (6) Eastern District of Pennsylvania, and (7) Northern District of Texas. These seven USAs were responsible for collecting (1) \$116 million, or about 38 percent, of the \$306 million of outstanding court-imposed civil judgments and penalties at February 28, 1970, and (2) \$7 million, or 32 percent, of the \$22 million of outstanding criminal fines and forfeitures at February 28, 1970

We reviewed the USAs' collection operations throughout the history of selected collection cases, particularly the weaknesses in its collection practices between January 1967 and September 1970. We issued a report to the Congress on the USAs' collection operations in 1967 (B-153761, June 16, 1967)

In our current review we found weaknesses in (1) demanding payment on debts, (2) obtaining complete and current credit data on debtors, and (3) filing judgments and renewing them as liens. These weaknesses were attributable for the most part to the lack of staff continuity and to some extent to the lack of collection expertise in the USAs and to the low priority given to collections. We noted inaccuracies in the accounting for and reporting of receivables and collections.

The Department has taken steps to improve its debt collection operations, including

- Adopting new procedures providing for assigning prime responsibility for collections to designated units or employees in the USAs

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- Adopting new procedures for insuring accurate reporting of receivables and collections and for relating collections to the year the debts were imposed.
- Establishing a paraprofessional position for routine collection work.
- Establishing an accelerated merit award program to promote the importance of collection operations.
- Holding training conferences for collection employees.

The Department issued a directive on July 7, 1971, authorizing U.S. attorneys to return civil collection cases to the referral agencies when it is clear that no further litigation is needed. This action could materially reduce the Department's collection workload, because about 93 percent of the court-imposed debts as of February 28, 1970, were imposed in civil cases.

Our findings and the Department's actions are discussed in more detail in enclosure I. Because the Department's actions could substantially reduce its collection responsibilities and workload and improve its collection operations, we are not making any recommendations. We plan, however, to assess the effectiveness of these actions after a reasonable period.

In House Report 91-701 the Committee also made seven recommendations to the Department for increasing collections. The Department commented on these recommendations in a memorandum dated October 7, 1970, to the Chairman, Subcommittee on Legal and Monetary Affairs. In a letter dated February 22, 1971, the Subcommittee Chairman requested that we include, as part of this report, our comments on the Department's views expressed in its October 7, 1970, memorandum. Our comments are included as enclosure II.

B-153761

We are sending copies of this report to the Attorney General and to the Subcommittee on Legal and Monetary Affairs. We do not plan to distribute this report further unless you agree or publicly announce its contents.

Sincerely yours,

Comptroller General  
of the United States

Enclosures - 2

The Honorable Chet Holifield, Chairman  
Committee on Government Operations  
House of Representatives

GENERAL ACCOUNTING OFFICE  
REVIEW OF DEPARTMENT OF JUSTICE'S  
DEBT COLLECTION OPERATIONS

Since the 1964 reviews of collection operations by us and by the Subcommittee on Legal and Monetary Affairs, House Committee on Government Operations, collections have varied considerably and the amount of outstanding debts has increased, as shown below.

Judgments, Fines, Penalties, and Forfeitures  
as Reported by the Department of Justice

<u>Fiscal</u> <u>year</u>	<u>Imposed</u>	<u>Collected</u>	Canceled, suspended, compromised, or written off as uncollectible (note a)	<u>Outstanding</u> <u>at June 30</u>	<u>Collected</u> <u>without</u> <u>suit</u>
	(millions)				
1963	\$ 64 0	\$23 5	\$ (b)	\$174.0	\$18 6
1964	73 9	34.7	(b)	189.0 <sup>c</sup>	21 5
1965	61.7	45.6	(b)	224.7	19.4
1966	108 1	37 8	4.3	290.8	36 9
1967	101.9	45.9	4.3	330.8	34 3
1968	111.4	34.0	13.6	374.8	24.0
1969	68.8	36.4	45.6	389.5	23.9
1970	72.4	33.3	16.7	413.4	24.8
1971	82.7	58 5	39.3	398.3	32.5

<sup>a</sup>Reporting of amounts written off as uncollectible started in February 1968.

<sup>b</sup>Data not readily available.

<sup>c</sup>As of December 31, 1963.

We reviewed about 1,200 randomly selected civil and criminal collection cases from a universe of about 9,070 cases in the seven selected U.S. attorney offices (USAs).

The universe was composed of about 7,770 cases having outstanding balances at February 28, 1970, and about 1,300 cases terminated between March 1, 1969, and February 28, 1970, for reasons other than having been paid in full.

#### WEAKNESSES DISCLOSED IN OUR REVIEW

##### Demand for payment

Although the U S. Attorneys' Manual recognized the need for prompt initial demands for payment of debts and for persistent followups, we noted that, in about 400 of the 1,200 cases, the initial demands and/or followups had not been prompt or persistent.

##### Complete credit data

The files for about 170 of the 1,200 cases did not contain complete and/or current credit data needed to determine the debtors' abilities to pay, although Department instructions provide that such data is to be obtained in both pre-judgment and postjudgment cases.

##### Judgments filed or renewed as liens

Our examination of 780 postjudgment civil and criminal cases showed that the failure to promptly file judgments and/or the failure to file liens against debtor-owned real properties were major weaknesses in two of the seven USAs. In one of these USAs, judgments had not been filed in 15 cases even though, on the average, 45 months had elapsed since the judgments had been obtained.

##### Staffing practices

Collection efforts were not timely, persistent, and effective, contrary to the Department's manuals and regulations, primarily because of the lack of staff continuity; the low priority accorded collections; and, to some extent, the lack of collection expertise in the USAs.

An effective collection system requires the separation of collections from other legal and administrative functions

of the USAs, because these other functions generally take priority over collections. Separating functions and delegating prime responsibility for collections to a designated collections unit or employee would improve continuity of collection efforts.

U.S. attorneys are appointed to their positions and usually are replaced with each change in administration. Assistant U.S. attorney positions sometimes remain vacant until the incoming U.S. attorneys can appoint replacements. In the interim the office workload must be handled by the remaining employees. In one of the USAs, the number of assistant U.S. attorneys decreased from 12 to six between December 1968 and September 1969. After the appointment of a U.S. attorney in October 1969, the number of assistant U.S. attorneys gradually increased to 13 by June 1970.

Three of the seven USAs had separate collection units, each of which was staffed with clerks and an assistant U.S. attorney. At one of these three USAs, however, the assistant U.S. attorney was assigned only for about 1 hour a day to handle nonroutine collection matters. From January 1966 to July 1970, 15 different assistant U.S. attorneys had been assigned to that unit. As a result, the assistant U.S. attorneys were not always familiar with the actions taken by their predecessors. Because of the lack of continuity and the heavy workload, the U.S. attorney, since October 5, 1970, has assigned one assistant U.S. attorney to be responsible, on a full-time basis, for all collection matters in that unit for at least 1 year. This practice should strengthen the collection operations of that USA.

At the other four USAs, the collection workloads were handled by collection clerks and/or assistant U.S. attorneys who, because of more compelling duties--such as court commitments--gave collection work low priorities. The timeliness of collections therefore depended on the noncollection workloads of these offices and on the number of persons available to work on collections.

An assistant U.S. attorney in one of the USAs told us that the key to an effective collection operation was employing, in a supervisory capacity, a person having vast

experience in all phases of collection work, which would reduce the possibility that collection work would be set aside because of pressing court commitments.

Accounting for and reporting of receivables and collections

In statistical and financial reports prepared at the seven USAs, the amounts of debts due the Government and amounts collected were inaccurate. As a result, the Department's records did not accurately show the amounts owed the Government for debts (1) originating in other Federal agencies and referred to the Department for collection, (2) originating in the Department, or (3) established by court action.

The following are the types of errors noted on the reports.

1. Monthly statistical report of the U.S. attorney--The numerous errors in the data shown on these reports included overstatements and understatements of the amounts for (a) judgments, penalties, and fines imposed, (b) collections on prejudgment claims, judgments, and fines, and (c) forfeitures on appearance bonds. Also the USAs had reported some collections on prejudgment claims as collections on judgments and had failed to report some collections on judgments, penalties, and prejudgment claims.
2. Department's statement of financial condition--Through clerical and other errors, the amounts reported on these statements for June 30, 1969, and June 30, 1970, were overstated by \$27.9 million and \$1.4 million, respectively. Because of overstatements and understatements in prior years, the net understatement of outstanding judgments at June 30, 1971, was \$2.1 million. At that date the Department's statement of financial condition showed outstanding judgments of \$398.3 million.
3. Department's inventory of outstanding judgments, fines, penalties, and forfeitures--On the basis of a test of 825 randomly selected cases, we found that the inventory at June 30, 1970, contained sufficient errors to render it unreliable as a management report. Our sample of \$74.6 million of the \$125 million

shown on the inventory as debts imposed disclosed overstatements of about \$18 million and understatements of about \$5 million. Our sample of \$6.1 million of the \$14 million shown on the inventory as debts collected disclosed understatements of \$1.6 million and overstatements of \$600,000. These errors were attributable to (a) duplicate reporting of debts imposed, (b) not reporting debts collected, (c) not reporting cases closed, (d) including cases that had been transferred to other USAs, (e) including criminal fines on the civil-judgment inventory, (f) including cases where the judgments were against the United States, and (g) making clerical errors. These errors evidenced the need for periodically comparing information in the case files and on the debtor index and payment record cards with the Department's bimonthly inventory of outstanding judgments, fines, penalties, and forfeitures.

In addition, the monthly statistical report of the U.S. attorneys did not provide for, and the Department did not require, collections of debts to be related to the years the debts were imposed or the claims were received by the USAs. Such relating of collections would provide the USAs and the Department with a more effective means of evaluating collection operations.

#### ACTIONS TAKEN BY THE DEPARTMENT OF JUSTICE

The Department informed us of several actions that it had taken and was taking which could significantly change its collection operations. The pertinent Department comments and improvements we noted during our review follow.

1. The Department issued a directive dated July 7, 1971, authorizing U.S. attorneys to return civil collection cases to the referral agencies when it was clear that no further litigation was needed. The referral agencies would then service these cases. About \$306 million, or 93 percent, of the court-imposed debts subject to collection by the USAs at February 28, 1970, were imposed in civil cases. A Department official told us that recent visits to

some USAs had indicated that between 60 and 75 percent of the civil cases in the USAs they had visited might be subject to return to the referral agencies.

2. A new standard office procedure was being adopted in the USAs. This procedure assigns collection responsibility to a designated employee or unit. That employee or unit is to give collection responsibilities top priority. The procedure provides for collections to be supervised by at least one full-time assistant U.S. attorney in all medium- and large-size USAs and by an assistant U.S. attorney on a part-time basis in small USAs.
3. In December 1970 the Department established a paraprofessional position for routine collection work in the USAs. At April 1972 the USAs had 131 paraprofessionals. In addition, Department officials told us that, to emphasize the importance of collection operations, an accelerated merit-award program had been established.
4. During 1971 the Department held three training conferences for collection employees.
5. The Department told us that it believed its new Justice Information Management System would insure accurate reporting of receivables and collections and that a computer printout would identify collections on judgments and fines by year of imposition. New procedures were being adopted for reporting prejudgments, settlements, and compromises. The Department planned to implement the new procedures late in calendar year 1973.
6. The Department's Office of Judicial Examinations revised its procedures for examining collection operations to provide for (a) emphasizing collection operations during reviews of the USAs and sampling closed cases to insure that closings had conformed to instructions and (b) annually examining the 10 largest USAs. The Department stated that, as additional staff resources became available, the Office

of Judicial Examinations planned to make biennial inspections of the USAs; however, it stated that this probably would not occur until after fiscal year 1972. As of February 1972 the Office of Judicial Examinations had furnished us with copies of reports on its recent examinations of two USAs that we had not included in our review. The two reports disclosed a number of deficiencies in the USAs' collection operations, some of which were similar to the deficiencies disclosed by our review, such as (a) little supervision or coordination of collection operations, (b) no collection operations in many cases for periods up to 10 years, (c) no followup actions in many cases when debtors discontinued payments, and (d) lack of working relationships between U.S. attorneys and local Federal probation offices regarding the collection of criminal fines. The examiners had discussed their findings with the U.S. attorneys in the two offices, and the reports stated that some corrective actions had been taken and that others were planned.

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Because the actions taken and planned by the Department could substantially reduce its collection responsibilities and workload and could improve its collection operations, we are not making any recommendations. We plan to assess the effectiveness of these actions after the new procedures and practices have been in effect for a reasonable time.

The Department's Office of Internal Audit plans to begin a review of collection operations before the end of fiscal year 1973. We will consider its findings in determining the scope of our followup review.

GENERAL ACCOUNTING OFFICE  
COMMENTS ON THE DEPARTMENT OF JUSTICE'S  
REPLY TO RECOMMENDATIONS MADE IN  
HOUSE REPORT 91-701, 91ST CONGRESS, FIRST SESSION

Recommendation 1: "Centralize within a single division or section the overall responsibility for collection activities. Persons with expertise in modern collection techniques should be charged with the responsibility of supervising the collection efforts of the centralized collection unit and each division."

In October 1970 the Department informed the Subcommittee on Legal and Monetary Affairs, House Committee on Government Operations, that "Apart from reporting and accounting problems, need for revolutionary changes in collection policies, practices, and staffing has not been established." The Department commented on the recommendation to centralize as follows:

"As explained above, the bulk of the Department's collections activities fall into four categories:

--Civil judgments of \$5,000 and over in amount, individually supervised by the Civil Division's Judgment and Collection Unit. Some 1,100 of these judgments, in the amount of \$245 million, are outstanding

--Civil judgments under \$5,000 in amount, delegated to the United States Attorneys for enforcement. Some 17,000 of these judgments, in the total amount of \$19 million are outstanding

--Tax judgments, individually supervised by the Tax Division's Litigation Control Unit. Some 700 of these judgments, in the total amount of \$56 million, are outstanding

"--Criminal fines, supervised by the Criminal Division's Litigation and Statistical Control Unit (now Criminal Division Collection Unit) Some 11,000 fines, amounting to \$18 million, are outstanding.

"I believe we have made it clear, in statements to and testimony before your Subcommittee, that there are significantly different problems presented by criminal, civil and tax work, which justify separate handling of the collection of judgments in each field. Moreover, it is in only one of the four categories of judgments listed above--civil judgments under \$5,000--that our major collections difficulties lie. Combining the collections work on the other three categories into one section of the Department would in no way improve our collections posture as to the fourth category, which would remain the sole responsibility of the United States Attorneys, but would, we think, weaken our efforts in these three categories.

"In short, it is our view that increased supervision of the collections activities of the United States Attorneys in delegated cases, rather than centralization of collections work in the Department, will improve our effectiveness in this area. The recent augmentation of the staff of the Executive Office for United States Attorneys will assist us in providing such supervision.

"The Committee does not seem to feel that the Department is experiencing internal conflicts, lack of cooperation between Divisions, or inconsistencies of policy, for which centralization would be a remedy. Obviously, the contrary is true, as witness the uniformity of policies prescribed by the United States Attorneys' Manual (see 5 cf , e g., Title 2, p. 24.1, Title 3, p. 10; Title 4, p 71, Title 5, p 7), the essential harmony of the Divisions in their approach to the collections problem and the general agreement by all, including the Committee, that the planned unified accounting and reporting system is feasible. It is not discord within the Department that prompts the Committee's

recommendation, but rather its dissatisfaction with the Department's 'techniques,' yet so far as appears, there is no reason to suppose that continuation of supervision by the Deputy Attorney General would not, by itself, be adequate for the purpose of effectuating other recommendations of the Committee."

The Department had not centralized the overall responsibility for collection activities within a single division or section. The Civil and Criminal Divisions had separate collection units which were responsible for supervising the USAs' collections on cases for which these units were responsible. In June 1971 the Department established in the Tax Division a separate collection unit to be responsible for supervising the Division's postjudgment collection cases. This unit is authorized to compromise cases within limits, to follow up on Tax Division action by field visits, to counsel the USAs' collection personnel, and to supervise and evaluate the USAs' collection work.

The Civil, Criminal, and Tax Divisions are responsible for most of the Department's collection cases, however, the USAs have been delegated authority, with certain exceptions, to enforce, compromise, and close all Civil Division judgments in favor of the United States up to \$5,000, exclusive of interest and costs. Our evaluation of the USAs' collection operations showed that a large number of the weaknesses in collection work occurred in cases which had not been supervised at the Department level. In our opinion, the deficiencies were attributable, in part, to the low priority given to civil cases under \$5,000 in the USAs and to the infrequent reviews of these cases by Department employees.

The Department's Office of Internal Audit is responsible for independently evaluating the effectiveness of the divisions' collection activities; however, it had made no such evaluations. An official of that Office told us that the Office plans to begin a review of collection operations before the end of fiscal year 1973.

The Department's Office of Judicial Examinations is increasingly emphasizing collection operations in its examinations of the USAs. The Office has started annual examinations

of the 10 largest USAs and plans to make biennial inspections of all USAs (See enc. I, p 6 )

Because the Department is taking action to improve its supervision and review of the USAs' collection operations, centralization of the headquarters' collections operations may not be necessary

For our comments on the need for hiring persons having collection expertise, see page 12

Recommendation 2(a). "Institute a permanent training program designed to improve the collection capabilities of professional and clerical personnel of the divisions and U S attorney offices "

The Department informed the Subcommittee that:

"The Department has established a training program for attorneys and clerical personnel involved in collections consisting of conferences, workshops, and on-the-job training."

In April 1972 a Department official informed us that written plans for a permanent training program designed to improve the collection capabilities of attorneys and clerks of the litigating divisions and USAs was not considered necessary; however, the Department has provided conferences, workshops, and on-the-job training for collection employees at the USAs. During fiscal year 1970 the Department held several training conferences in Washington, D C , and at field locations for U S attorneys, assistant U S. attorneys in charge of collections, administrative assistants, and clerks from the major USAs Varying periods were allotted to collection matters at these conferences. We were also advised by a Department official that the American Collectors Association had participated in a conference in November 1971

The Department has divided the country into four areas, each of which has been assigned to an attorney employed by its Executive Office for United States Attorneys. These attorneys, during their visits to the USAs, assist in training

collection employees Headquarters employees in the litigating divisions who are responsible for collection operations also assist in training collection employees at the USAs.

A Department official told us that the Department had considered using a private firm to train collection employees; however, it had decided to not pursue that method of training but to rely on in-house training expertise which the Department believed was adequate

We believe that the effectiveness of the Department's training of attorneys, paraprofessionals, and clerks involved in collections would be improved by supplementing on-the-job training with a formal training program of specialized courses similar to those available to employees of private collection firms We believe also that the Department should employ persons who have experience and training in modern collection techniques to plan the Department's training program and to instruct attorneys, paraprofessionals, and clerks in effective collection techniques.

In a September 1972 letter to us, the Department had these comments.

"The Department has been hiring an increasing number of personnel with collection experience and expertise. However, the Department cannot pay such personnel a percentage of collections Thus, managers of private collection agencies are not attracted to employment with the Department Furthermore, the function of private collection agencies is more nearly akin to the work that should be done by Federal agencies before claims are referred to Justice for litigation

"The Criminal Division Collection Unit in conjunction with the Executive Office for United States Attorneys has been thoroughly investigating all the possibilities for professional staffing in collections It has contacted universities training such personnel in an attempt to learn and provide more information to U S Attorneys

"As previously pointed out, the Department conducted three collection conferences during 1971 to provide training to all collection personnel."

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Recommendation 2(b): "Initiate and maintain liaison with other Federal agencies having collection responsibilities (such as the Internal Revenue Service) for the purpose of exchanging information on collection training and techniques."

The Department informed the Subcommittee that it agreed that the exchange of information on collection training and techniques was advisable and that the recommended liaison would be initiated and maintained.

Department officials told us in April 1972 that the only liaison with other Federal agencies having collection responsibilities for the purpose recommended by the Committee was with the Internal Revenue Service. In its September 1972 letter to us, the Department referred to liaison with other agencies as follows:

"The Department has worked closely for years with the Government agencies which have been most active on the collection front and which are the most likely to learn of or develop new collection methods and techniques. Neither our contacts with these agencies through the years nor a review of their manuals dealing with collections reveals methods or techniques not previously known to us. This included the Internal Revenue Service with its 'Internal Revenue Manual,' the Small Business Administration with its 'Starting and Managing Small Credit Bureau and Collection Service' and its 'Attorneys' Handbook,' the Federal Housing Administration with its 'Title I Collection Handbook,' and GAO with its 'GAO Manual for Guidance of Federal Agencies.'

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Recommendation 2(c): "Publish training manuals and other materials dealing with collections for training

programs conducted for clerical and professional employees of the divisions and U S. attorney offices. Such materials should be revised periodically to reflect new techniques and procedures."

Recommendation 2(d): "Consolidate all instructions and directives pertaining to collections into one comprehensive manual for the guidance of professional personnel of U S attorney offices. Another such manual should be prepared exclusively for clerical employees."

The Department informed the Subcommittee that the collection instructions in title 3 of the U S Attorneys Manual were revised and updated from time to time and that a summary of exemptions and other relevant laws affecting collections, insofar as they might be peculiar to a State, had been furnished to the USAs. The Department did not consider it necessary to prepare additional manuals.

From time to time, particularly at collection conferences and in the USAs' periodic bulletin, the Civil, Criminal, and Tax Divisions have furnished the USAs' collection employees with collection information pertaining to each division's responsibilities. In addition, the Deputy Attorney General's Office has issued several memorandums to the USAs concerning (1) their collection performances, (2) the reporting of certain types of collections, and (3) the accuracy of their collection records.

The Department has distributed to the USAs advance copies of a new manual entitled "Standard Office Procedure for United States Attorneys' Offices." These procedures, as of April 1972, were being tested in several USAs of various sizes. A Department official advised us that the instructions in the manual pertaining to debt collections were being followed by the USAs. These instructions are quite detailed, and we believe that they should be helpful to the USAs' collection employees and should assist the USAs in achieving accurate and uniform collection operations.

Recommendation 3(a): "Shorten the period of time between examinations of U S attorney offices by Administrative Division examiners, and examine at least annually a minimum of 10 of the largest U.S. attorney offices, placing emphasis on collection matters."

Recommendation 3(b): "Require that greater attention be devoted to collection matters by Administrative Division examiners during their examinations of U S attorney offices."

The Department concurred in these recommendations. The Department's Office of Judicial Examinations, established in March 1970, is responsible for examining and inspecting USAs. The Director of that Office told us that the average time between examinations of USAs has been 4 years but that the Office planned to shorten this time. He told us also that shortening the time between examinations of all 93 USAs to 2 years would require additional staff resources and would not be achieved until sometime after fiscal year 1972.

The Director also informed us that the Office had started making annual examinations of the 10 largest USAs during fiscal year 1971 and was emphasizing evaluating the USAs' collection operations during these examinations.

In January 1971 the Director of the Office of Judicial Examinations informed us that the Office was devoting greater attention to collection operations during its reviews of USAs and that, if staff resources were increased, more emphasis would be placed on these operations.

Our review of two recent reports by the Office of Judicial Examinations on the operations of two USAs showed that the examiners had noted collection deficiencies that previously had been brought to the attention of the U S attorneys. The reports showed that the U S attorneys had taken some corrective actions and planned to take others (See enc. I, p 6 )

Recommendation 3(c): "Require that Administrative Division examiners review the reasons why cases are closed by U S attorneys and determine whether all

collection potential in closed cases has been exhausted."

The Department told the Subcommittee that examiners would review the reasons why cases had been closed by the USAs but that the reviews would be limited to determining whether prescribed procedures had been followed, because reviews of the reasonableness of the decisions of the USAs to close cases were beyond the jurisdiction of the examiners.

In January 1971 the Director of the Office of Judicial Examinations told us that his examiners were reviewing the reasons why cases had been closed by the USAs and that the examiners had been instructed to determine whether all collection potential had been exhausted before cases were closed. He also told us that he believed, because the examiners were attorneys, that they were fully qualified to make such reviews and determinations.

Recommendation 4: "Require U S. attorneys to report on a monthly basis, the amount of time spent by them and their assistants on collection matters, and amend the Monthly Statistical Report, Form USA-5, so as to report such information."

The Department informed the Subcommittee that the U.S. attorneys and assistant U.S. attorneys were required to report monthly the amount of time spent by them on all matters, including collections. The Department took the position that including this information on the monthly statistical reports would be duplicative.

In September 1970 a Department official told us that the attorney-time reporting requirement was experimental and was intended to continue for no more than a year after its initiation in February 1970. We later found that this reporting was discontinued in October 1970. In January 1971 the Department was in the process of summarizing the data on the attorneys' time reports from February through October 1970. A Department official told us that the Department's planned reporting and accounting system did not require accumulating the time spent by the U.S. attorneys and assistant U.S. attorneys on collection matters. In April 1972 a Department official advised us that about 11 percent of the USAs' work

force was working full or part time on collection operations. The 284 collection employees in the 93 USAs included 125 assistant U S attorneys, 131 paraprofessionals, and 28 clerks.

The time spent on collection matters by the U.S. attorneys, assistant U.S. attorneys, paraprofessionals, and clerks should be reported monthly because, in our opinion, a direct relationship exists between the collection rate of the USAs and the time spent on collection matters. Management officials could use these reports in evaluating the effectiveness of the USAs' collection activities.

Recommendation 5: "Establish a pilot district in which to develop and test the efficacy of collection techniques and procedures for possible general application. As part of this project it should consider the employment of persons or firms specializing in collection work to assist the Department and U.S. attorneys in the handling of particularly difficult or potentially uncollectible claims."

The Department told the Subcommittee that it did not see a need for a pilot program, because regional assistants of the Executive Office for United States Attorneys were exploring modern collection techniques and that it had studied the collection procedures used by the USAs in the Eastern District of New York and had determined that the procedures were suitable for use in comparable USAs.

A Department official told us that during fiscal year 1970 it had asked four commercial collection firms for information on their collection techniques. We inquired as to the nature of the information obtained, but it could not be found.

We agree with the Committee that the Department should establish one or more pilot districts in which to continuously develop and test new collection techniques and procedures for possible general application. We recognize that the Department took steps in this direction by testing the new "Standard Office Procedure for United States Attorneys' Offices" in several USAs of various sizes before issuing the manual for general use.

Recommendation 6: "Immediately review and alter the reporting system under which U S. attorneys operate to assure that errors, omissions and duplications are eliminated "

The Department told the Subcommittee that it was redesigning its reporting and accounting system and had scheduled the system for implementation by July 1, 1971. This date was not met. In December 1972 a Department official told us that the target date for starting implementation of the redesigned system was September 1973. Implementation is to be completed in 3 to 5 years.

The Department has researched the resources and information needed to meet management requirements. A paper prepared in October 1970 on the results of the research described the concept of the new system. In April 1972 the Department prepared drafts of the forms and procedures to be used in the system and the various operating units of the Department were reviewing them. The Office of Management Support is to evaluate comments on the procedures and make needed changes before the procedures are officially issued.

The new system is to include capabilities to

- automatically open a collection case when a judgment is obtained,
- chronologically list actions taken on each case,
- compute interest on the debt, when applicable, and
- show timing on installment payments and any delinquencies.

In addition, the new system will provide for an accurate and current general ledger control over amounts owed to the Government.

Recommendation 7: "Amend its guidelines and computer cards to require greater specificity as to the reasons why cases are closed for uncollectibility by U S attorneys, and insist on support for those reasons "

The Department told the Subcommittee that:

"The Department is now re-evaluating the guidelines on closing cases for uncollectibility. We have tentatively concluded that United States Attorneys should be authorized under carefully prescribed conditions to return to agencies cases directly referred by them, in which judgments have been taken, where retention of the cases would occasion unnecessary expense and serve no useful purpose."

\* \* \* \* \*

"The chief benefit from adoption of the above plan, \*\*\* is that it would enable United States Attorneys to transfer back to the agencies for surveillance purposes, a large number of cases now carried in an inactive or suspense status. These judgments are considered presently uncollectible, and most of them ultimately will be closed without further collection. It is doubtful that future collections will pay overall expenses, but the prospects are not so bleak as to warrant their abandonment."

In April 1972 an official of the Civil Division informed us that the plan described above had been implemented by amending Civil Division Memo No 374 on June 28, 1971. The necessary delegation of authority to the USAs was published on page 12739 of volume 36 of the Federal Register dated July 7, 1971.

The Department's redesigned reporting and accounting system previously discussed will provide for collection-case inventories to be printed out in two separate reports.

1. Collectible (active)
2. Collection unlikely (inactive)

The inactive cases will be identified by claim numbers, and the reasons why collections are unlikely will be coded. A Department official told us that this method of reporting outstanding judgments would indicate more realistically the amounts that the Department could expect to collect.